

October 9, 1998

EX PARTE OR LATE FILED

RECEIVED

OCT - 9 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N. W.  
Washington, D. C. 20554

Re: COMSAT Corporation  
Notice of *Ex Parte* Presentation (IB Docket No. 98-90)

Dear Ms. Salas:

COMSAT Corporation ("COMSAT") hereby submits for filing in the above-referenced docket its notice of an oral presentation that took place at 11:00 a.m. on October 8, 1998, concerning COMSAT's pending incentive regulation proposal for services provided to currently non-competitive markets, as required by the COMSAT Non-Dominance Order, FCC 98-78, ¶¶165, 189 (Apr. 28, 1998).

The presentation was made at the request of the International Bureau to respond to a number of staff questions regarding specific elements of COMSAT's proposed incentive regulation plan. The persons making the presentation for COMSAT were: Mr. Howard D. Polsky, Vice President, Federal Policy and Regulation; Ms. Beverly Andrews, Director, International Regulatory Affairs & Trade; and Mr. Theodore Boll, Director, Financial Planning and Analysis. The International Bureau staff members attending the meeting were: Mr. James L. Ball, Associate Chief, International Bureau; Mr. Douglas W. Webbink, Chief Economist; and Mr. Sandeep Taxali, Policy Advisor.

No. of Copies rec'd 021  
List A B C D E

As a result of the meeting, COMSAT hereby modifies its incentive regulation proposal as it pertains to the provision of INTELSAT capacity for occasional-use television services to and from the United States. This is a declining business for COMSAT. Of \$263 million in total INTELSAT revenue for 1997, occasional-use television service accounted for just \$3.5 million. In 1998, current projections for occasional-use service revenue are significantly lower, only about \$2.3 million. This decline is attributable to increased competition from alternative, facilities-based providers of international satellite video services, as well as Teleglobe, which offers INTELSAT capacity to U.S. broadcasters in competition with COMSAT. See Teleglobe Press Release (attached).

In its incentive regulation proposal, COMSAT committed not to raise its rates for occasional-use television service on thin routes, and to apply uniformly any rate reductions introduced on thick routes to the thin route countries identified by the FCC in Appendix B of the COMSAT Non-Dominance Order. COMSAT also noted that it had previously reduced certain occasional-use television tariff rates in response to competition.

A joint filing by the Networks (ABC, CBS, NBC and Turner) raised some concerns about COMSAT's proposal for occasional-use television service. COMSAT noted that these users of occasional-use television service to thin route countries--in the aggregate--accounted for only \$59,000 in revenue in 1997 (of a total of \$850,000 for all occasional-use television service revenue to thin route countries), and that the Network's proposal for the FCC to adopt a price cap scheme utilizing annual x-factor adjustments, and other burdensome and costly regulatory mechanisms, was neither justified nor necessary given the extremely small size of this market. Equally important, to continue to reserve capacity for unforeseen events while COMSAT's occasional-use business declines, and to offer rate reductions of the magnitude proposed by the Networks, is not feasible.

However, COMSAT does hereby propose a solution. Rather than incurring the costs of administering an incentive regulation program for thin route occasional-use television service, COMSAT is prepared to implement an immediate 4% rate reduction in its tariffs for occasional-use television service *on all routes*, upon FCC approval of its incentive regulation plan. This immediate rate reduction would benefit users of COMSAT occasional-use television service on a global basis. Moreover,

COMSAT will again commit not to raise these lower, new occasional-use rates indefinitely, and to apply uniformly any future occasional-use television rate reductions to both thick and thin routes. This approach gives COMSAT an incentive to find operational efficiencies and avoids imposing additional administrative costs on COMSAT and the FCC.

In accordance with Section 1.1206 of the Commission's Rules, the original and one copy of this notice are being filed with the Secretary, and an additional copy is being served on Mr. James L. Ball. Please date-stamp the attached duplicate upon receipt and return it via the messenger for our records. If any questions arise concerning this matter, kindly contact the undersigned.

Sincerely,

A handwritten signature in cursive script, reading "Howard D. Polsky". The signature is written in dark ink and is positioned above the printed name.

Howard D. Polsky

HDP:clp

cc: James C. Ball

## TELEGLOBE

### **TURNER BROADCASTING RELIES ON TELEGLOBE NETWORK TO CARRY BREAKING NEWS**

**Washington, DC, January 19, 1998** — From the hostage crisis at the Japanese Embassy in Peru to the funeral of Princess Diana, the world saw live video footage on the Cable News Network (CNN) carried over the global transmission facilities of Teleglobe, one of the world's largest intercontinental carriers. The video transmission in connection with these two major news events was part of an agreement Teleglobe has signed with Turner Broadcasting to carry broadcast transmissions of breaking news, sports and entertainment programming.

"Teleglobe - through its extensive global transmission backbone and access to INTELSAT facilities -- is uniquely able to reach areas like the Middle East, Africa, Eastern Europe and South America that are difficult to serve," said Dick Tauber, CNN vice president for satellites and circuits.

"In addition to its global network, Teleglobe is able to respond really quickly when we require occasional broadcast capacity. Teleglobe's ability to deliver enables us to stay ahead of our competitors in covering breaking news in the world's most far-flung locations," Tauber said.

Under the agreement, a single call to Teleglobe will provide CNN with access to international broadcast transmissions via the INTELSAT system. Quick reaction time is essential in the breaking news market, where networks have stringent demands on establishing international television contribution circuits.

Teleglobe provides a full range of international broadcast transmission services on a full-time, events services and occasional-use basis. It is a leading international carrier for broadcasting organizations around the globe, including all four major U.S. broadcast networks, cable television and direct-to-home networks, and others in the United Kingdom, Canada, France, Australia and New Zealand.

Its broadcasting services employ the latest technology, such as digital compression and upgraded earth stations. Teleglobe broadcast services are supported by three North American teleports linking with INTELSAT, PANAMSAT, Intersputnik, Orion, Telecom 2A and all U.S. and Canadian satellite systems. Additionally, its transatlantic broadcast services leverage the massive capacity of Globesystem Atlantic, a high-speed fiber optic submarine cable between North America and Europe -- the first intercontinental cable system based on synchronous digital hierarchy (SDH) technology -- capable of carrying 300,000 simultaneous calls.

"We are proud to have the leader in world news gathering, CNN, as a user of Teleglobe's reliable and economical broadcast services," said John Cahill, vice president and general manager, United States and the Americas for Teleglobe Global Telecom Services. "The range of our capabilities, from our network technology to the marketing, support and account management services delivered by a multi-lingual staff, allow us

to offer the best overall product and highest grade of service to customers such as CNN."

"By winning the trust of such market leaders as Turner Broadcasting, we are another step closer to achieving our goal of being the world's leading provider of international broadcast services," Cahill said.



Turner Broadcasting, a subsidiary of Time Warner Inc., is a major producer of news and entertainment product around the world and the leading provider of programming for the basic cable industry.

Teleglobe Global Telecom Services is the global carrier unit of Teleglobe Inc., recognized as a world leader in the intercontinental telecommunications industry. The Teleglobe network includes submarine cable and satellite facilities linking North America with over 240 countries and territories, meeting the global connectivity needs of established and emerging carriers from around the world, as well as those of Internet Service Providers, multinational corporations and broadcasters.

Teleglobe Inc. is listed on the New York Stock Exchange (NYSE), the Montreal Exchange, the Toronto Stock Exchange and the Vancouver Stock Exchange under the symbol "TGO".

For more information: John Murray,  
Teleglobe  
Tel. : (703) 821-4857

Nicole Blanchard  
Tel. : (514) 868-8148

 [NEXT RELEASE](#) | [RELEASES INDEX](#) | [PREVIOUS RELEASE](#)   
| [FINANCIAL RELEASES INDEX](#) |